(i) as an austerity measure, a ban has been imposed on filling up of vacant posts and there are also instructions to the effect that if a post has been lying vacant for more than one year, the same shall be deemed to have been abolished;

(ii) After establishement of Prasar Bharati, UPSC have dissociated itself from conducting DPCs/Recruitments for the posts in Prasar Bharati and time is required to bring in place the new arrangements for managing the Prasar Bharati establishement.

Report of Disinvestment Commission on BHEL

*12. SHRI SURESH PACHOURI: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether it is a fact that the Disinvestment Commission in its report of 1999 has recommended for disinvestment of BHEL;

(b) if so, the decision of Government in this regard;

(c) whether it is a fact that the Disinvestment Commission in its aforesaid report had lauded the performance of BHEL; and

(d) if so, the reasons for the Commission recommending disinvestment upto 20 per cent of shares of BHEL to financial institutions, including 10 per cent to foreign financial institutions?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) Yes, Sir, The Disinvestment Commission in its 12th Report of August 1999 had recommended as follows:

".... the Commission recommends induction of Financial Institutions (FIs) as strategic partners through a .disinvestment of 20% of BHEL's equity in their favour. In order to ensure enhanced funding capability in Rupee as well as Foreign Currency to enhance its competitiveness, it is recommended that domestic FIs may be offered equity stake of 10% and foreign private equity funds/FIs including multilateral institutions (foreign funds) be offered a further equity stake of 10% in the company with appropriate role in management to both Indian

and foreign parties. The Government should enter into separate shareholder agreements with the strategic partners to ensure that, in the event of their exit from shareholding in BHEL, Government's prior consent or first refusal is taken, so that the new buyer is also acceptable to Government as a strategic partner, from the point of view of its support to BHEL, and is willing to enter into an appropriate shareholder agreement with Government".

(b) No decision in regard to recommendation of the Disinvestment Commission has yet been taken.

(c) and (d) Though the Disinvestment Commission had noted that BHEL had a good track record of implementing projects without significant cost or time overruns and that their projects show good performance over the years, it observed that the PSU status of BHEL and the consequent emphasis on elaborate procedure does not permit quick commercial decisions essential for functioning in a competitive environment. It noted that BHEL has not been able to secure more contracts abroad due to its inability to offer competitive financial packages and that it has suffered in the private power programme also due to this reason. Moreover, the sector demands intense R&D activity and BHEL's relatively small size of operation limits its ability to make necessary investments in R&D to keep pace with international majors in technological development in the sector. The Disinvestment Commission noted that BHEL has to become more competitive in a comprehensive manner in an increasingly competitive market. It is in this background that the Commission has recommended that BHEL could be provided with the much needed flexibility, autonomy and financial support by reduction of the Government equity stake in BHEL below 51%. Since a strategic partnership with one of the global major power manufacturers could undermine BHEL's market position, the Commission felt that BHEL needs to induct strong financial institutions as strategic partners in order to expand its international operations.